

OGC Has Reviewed

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24 August 1953

MEMORANDUM FOR: Acting Deputy Director (Administration)

SUBJECT: Inclusion of Differentials in Computing Lump-Sum Payments for Employees Separated Overseas

REFERENCE: Memorandum, "Terminal Pay," from SA/DD/A to A-DD/A, dated 7 August 1953

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1. [] memorandum, referenced above, raises questions as to the legality, frequency and desirability of the practice of using a compensation base which includes territorial or hardship post differentials in computing lump-sum annual leave payments for certain employees abroad.

2. Under existing authority, all employees serving in United States territories, irrespective of the funds from which they are paid, and employees paid from vouchered funds who are serving in foreign areas, are entitled to the inclusion of differentials as "additional compensation" in the computation of their lump-sum leave payments.

3. Employees who are paid from unvouchered funds and who are serving in foreign areas (as distinguished from territories) are not entitled to the inclusion of post differentials in the computation of their lump-sum leave payments.

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4. An employee's right to return transportation at Government expense following his separation overseas is conditioned upon his re-employment by the Government overseas. Consequently, an employee who resigns overseas is not eligible for return to the United States at Government expense unless he is first re-employed. An employee entitled to differentials in the computation of his lump-sum leave payment would benefit by resigning overseas with the purpose of collecting that money and returning to the United States at his own expense only if the amount due him for differentials were greater than the cost of his return travel. This advantage would probably exist only for an employee serving in a nearby post, []

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Even there, such an advantage would require that he have a considerable balance of leave.

5. There has been insufficient time for an exhaustive inquiry concerning cases which might have involved terminal pay including differentials. However, an informal survey has disclosed only one case in which an employee has resigned in a United States territory during the past year. This employee, [redacted] of FE Division, was stationed in [redacted]. Although this case has not been completely processed, it appears that the individual will be eligible for a lump-sum leave payment, and such payment will properly include differentials. A review was made of the records of separations of [redacted] personnel for the past seven months, since this Division contains the majority of vouchered employees serving in foreign areas. This review disclosed no overseas separations. Considerable exploration would be necessary to verify the exact number of individuals who would be potentially eligible for terminal pay including differentials. However, it is apparent that only a very small number of persons would be affected by the Regulations providing for the inclusion of differentials in lump-sum leave payments.

6. Since very few employees would be entitled to lump-sum leave payments which include differentials, and since few of these would gain a financial advantage therefrom, this problem may not be of sufficient magnitude to warrant the research necessary to determine legal alternatives.

[redacted]

[redacted]
Acting Personnel Director

Attachment

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